

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7505

BILL NUMBER: HB 1622

DATE PREPARED: Jan 6, 1999

BILL AMENDED:

SUBJECT: Authority of appointed boards.

FISCAL ANALYST: Bob Sigalow

PHONE NUMBER: 232-9859

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the property tax levy, the property tax rate, a lease with an original term of at least five years, and bonded indebtedness of a civil taxing unit (other than an excluded city in Marion County) that does not have a majority of elected members to be approved by the city, town, or county fiscal body.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The state's expense for property tax replacement credits (PTRC) and homestead credit could be affected by this bill. If the amount of a civil taxing unit's tax rate, levy, or debt issue is affected by this bill, the state's expense for homestead credit and PTRC (if the levy qualifies for PTRC) would be proportionally affected.

PTRC and homestead credits are paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. Any change in PTRC and homestead credit expenditures would ultimately affect the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This proposal would not apply to excluded cities in Marion County or to school corporations. Under this proposal, the appropriate city, town, or county would have fiscal oversight over all property tax rates, levies, and five year or greater debt issues of all civil taxing units with appointed governing bodies.

According to the bill, a civil taxing unit with an appointed governing body within a city or town or one that

was originally established by a city or town would have to submit its proposed levy and rate to the city or town fiscal body. In Marion County, the City-County Council would have oversight. If the unit is not located in a city or town or in Marion County, then the county fiscal body would have oversight.

The city, town, or county fiscal body would review the civil taxing unit's proposed property tax levy and rate and would adopt a final levy and rate. Similarly, if a civil taxing unit wishes to incur bonded indebtedness or enter into a lease for at least five years, the unit must request and receive the reviewing body's approval before the unit may proceed.

This proposal would add the accountability of an elected body rather than allowing an appointed body to incur debt and establish property tax rates and levies. The amount of a civil taxing unit's tax rate, levy, or debt could be affected by this bill.

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: Civil taxing units with appointed governing bodies.

Information Sources: